



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

**Community Outreach, Safety and Healthcare
Administration Committee**

Wednesday, June 15, 2005

2:00 PM

Commission Chamber

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Commission Auditor

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**Miami-Dade County Board of County Commissioners
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Legislative Analysis

**Community Outreach, Safety and Healthcare Administration Committee
Meeting Agenda
June 15, 2005**

Written analyses for the below listed items are attached for your consideration in this Legislative Analysis.

Item Number(s)

3(D)	4(B)
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If you require further analysis of these or any other agenda items, please contact Gary Collins, Acting Chief Legislative Analyst, at (305) 375-1826.

Acknowledgements--Analyses prepared by:
Elizabeth Owens, Legislative Analyst

LEGISLATIVE ANALYSIS

ORDINANCE AUTHORIZING LOAN IN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$60,000,000 FROM SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION FOR PURPOSE OF PAYING OR REIMBURSING COST OF CERTAIN CAPITAL ASSETS AND CAPITAL IMPROVEMENTS FOR MIAMI-DADE COUNTY PUBLIC HEALTH TRUST; PROVIDING THAT SUCH LOAN SHALL BE SECURED BY COVENANT TO BUDGET AND APPROPRIATE FROM LEGALLY AVAILABLE NON-AD VALOREM REVENUES OF THE COUNTY; AUTHORIZING FINANCE DIRECTOR TO APPROVE FINAL DETAILS OF LOAN WITHIN CERTAIN PARAMETERS; APPROVING FORM AND EXECUTION AND DELIVERY OF RELATED LOAN AGREEMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH SUCH LOAN

Finance Department

I. SUMMARY

This ordinance authorizes the following:

- A loan from the Sunshine State Governmental Financing Commission (the Sunshine Commission) in the aggregate principal amount not to exceed \$60 million for paying or reimbursing the County;
- The utilization of the loan to acquire certain capital equipment and/or certain capital improvements for the Public Health Trust (the Project) as listed in Exhibit A of the County Manager's memo;
- The Loan Agreement;
- Delegates to the Finance Director certain responsibilities with respect to the loan.

Please note the following Scrivener's Error:

Handwritten page 26 of the County Manager's Memo indicates that the "Pledged Revenues" are defined to be the Charter County Transit Surtax. Staff notified of the apparent error.

II. PRESENT SITUATION

During the Budget Hearings for FY 2004-2005, the Board of County Commissioners approved the request to assist PHT in financing the Project in the amount of \$55 million (see attached page 20 of the County Managers Memo dated September 23, 2004). The County agreed to secure the loan from the Sunshine Commission not to exceed \$60 million to cover the \$55 million for the Project plus the costs associated with the processing of the loan, such as funding a loan reserve account and legal fees.

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III. POLICY CHANGE AND IMPLICATION

This ordinance will allow the County to assist the PHT in the financing of the Project. It authorizes the County to obtain a loan from the Sunshine Commission and delegates to the Finance Director the authority to take all actions necessary, including finalizing the details of the loan and the loan agreement. It also approves the loan agreement.

IV. ECONOMIC IMPACT

The County is only obligated to use pledged revenues for the repayment of the aggregate principal amount of the loan not to exceed \$60 million plus the true interest rate on the loan not to exceed 5% per annum.

The life of the loan depends on the individual components (the capital equipment and/or improvements) acquired. The life of the loan may vary between five (5) to twenty-five (25) years.

V. COMMENTS AND QUESTIONS

Florida Statutes, Chapter 163, authorizes the Sunshine State Governmental Financing Commission as a legal entity created through inter-local agreements between various municipalities and counties to enable participating governmental units to benefit from the economies of larger scale financing, which may otherwise be unrealized if governmental units sought financing separately.

22. Public Health Trust

The Public Health Trust (PHT) has reported budgetary and cash flow shortfalls for FY 2004-05. Commissioner Rolle, as an ex-officio member of the PHT, as well as several other Commissioners expressed concern regarding the ability of the PHT to continue providing health care to all segments of the community. I am very concerned about these issues and have personally met with the Chairperson of the PHT, Larry Handfield, and PHT President Marvin O'Quinn. In our discussions, we recognized the need to address not only the short-term needs of the PHT regarding FY 2004-05, but also to develop multi-year alternatives to improve the PHT's long-term financial situation.

To a large extent, the budgetary and cash flow issues at the PHT are the result of an increasing and more costly burden of charity care combined with increased account receivables from paying patients and shifts in the Medicaid Program. When the PHT presented its revenue situation to us, the PHT President indicated that the problem was in the magnitude of \$100 million out of a net budget of approximately \$1.4 billion and that he had recommended to the Trust approximately \$26 million in savings as a result of personnel and other reductions. A request was made for the County to assist in making up the balance of the shortfall. The countywide general fund is approximately three-fourths the value of the PHT budget, and it clearly would not be possible to make an adjustment of the requested size in the countywide general fund without significant service impacts in other programs.

Over the past several weeks, staff from the OSBM and I have met with Mr. O'Quinn and his staff to identify solutions to address the \$76 million budgetary shortfall projected for FY 2004-05 and the reported, short-term cash flow needs. The following recommendations provide the framework to eliminate the problem for FY 2004-05. Meetings among staff will continue over the next several months to address the longer-term issues that have been raised. Those issues include improved billing and cash flow and adjustments to PHT support of programs whose costs had once been a County responsibility.

- In the Proposed Budget, the PHT appropriated \$51 million in capital projects, equipment, and information systems development (including a new billing and financial system). I recommend financing the projects and timing the financing so that the first payment would not be due until FY 2005-06 to free up those funds for operating needs. No changes would be needed in the FY 2004-05 County general fund or PHT budgets. In order to minimize any long-term effect on the PHT budget and financial statement, the County would do the financing. The payments for the financing could be made by adjusting payments to the PHT in future years and will be considered as part of the FY 2005-06 resource allocation process.
- The PHT set aside \$25 million in a restricted reserve to fund its deductible for property damage named storms. Along the lines suggested by Commissioner Seijas at the first budget hearing, I recommend the County assume liability for that deductible as part of the overall deductible we have for County property. By doing so, the \$25 million would be available for other operating purposes. The Board should be aware that the County's Finance Department is working with Risk Management to use financing or other alternatives to fund the County's \$200 million deductible, as well as the additional \$25 million for the PHT. While the deductible amount is large, our insurance program is approved by FEMA and under current rules, 75 percent of the deductible would be covered by FEMA in the event of a

major disaster. The deductible for property damage to County facilities not related to a named storm is \$5 million.

The PHT has identified an additional \$4 million in capital projects that can be financed, thereby freeing up funds for other operational needs. Staff from the County and the PHT will continue the review of the PHT budget to identify other areas of savings that may reduce the level of financing required to balance the FY 2004-05 budget.

The recommendations above to resolve the budgetary issues, along with the operational changes recommended to the PHT by its President, essentially ensure adequate cash flow for FY 2004-05. However, staff from the PHT and the County will monitor the PHT's cash flow requirements. The County may need to accelerate payments to the PHT and defer payments for health insurance and workers compensation in order to adjust for cash flow fluctuations. It is anticipated that all deferred payments will be made by the end of FY 2004-05 or early in FY 2005-06. I remain concerned about the extent and nature of the problems identified by the Trust. I will be sending a team of people from our Audit and Management Services Department and OSBM to assist Mr. O'Quinn in identifying and resolving financial, budgetary, and administrative issues.

Attached is a letter and presentation from the PHT regarding Healthy Kids. At the first budget hearing, several Commissioners raised concerns over the PHT's elevation of support to the Healthy Kids program (see Attachment D). Mayor Penelas, in his September 17, 2004 report, echoed those concerns regarding the possible loss of services to existing enrollees. In light of the concerns raised by the Mayor and Commissioners, it is recommended that the PHT continue its support to Healthy Kids in order to provide time for the phasing-in of alternative service options to Miami-Dade County families who would be affected by the elimination of Healthy Kids funding. The funding for this continued support is available within the PHT budget if the actions recommended above are accepted. The recommendation for continued Healthy Kids support has been discussed with Mr. O'Quinn. Along with the recommendations to balance the PHT budget, the Healthy Kids recommendations will be presented to the Trust's Fiscal Committee and the PHT Board before the second budget hearing.

23. Park and Recreation Department

At the July 21, 2004 Recreation and Cultural Affairs Committee meeting, Commissioner Souto sponsored a resolution directing the implementation of a quality control program at County parks. Included in this document is Attachment D, which addresses the Commissioner's concerns. Given the high cost to implement the enhanced quality control at County parks, should this resolution be approved by the full Board, I would recommend that the project be implemented in phases over several years. To address janitorial maintenance concerns at Tropical Park, I recommend increasing the Park and Recreation Department budget by \$100,000 for FY 2004-05.

Also, at the July 21, 2004 Recreation and Cultural Affairs Committee meeting, Commissioner Souto introduced a resolution directing the replacement of all chain link fencing in Miami-Dade County parks with two-rail wood fencing, except where chain link fencing is necessary for operational or storage reasons. The Park and Recreation Department requested 90 days to complete a thorough inventory of the facilities and develop a cost estimate. We will report back to the Board by the end of October 2004.

LEGISLATIVE ANALYSIS

RESOLUTION AUTHORIZING THE COUNTY MANAGER'S ACTION IN RECEIVING AND EXPENDING STATE FUNDS FROM THE FLORIDA DEPARTMENT OF JUVENILE JUSTICE FOR CONTINUATION OF THE JUVENILE ALTERNATIVE SERVICES PROGRAM FOR THE MIAMI-DADE COUNTY JUVENILE ASSESSMENT CENTER; AND TO EXECUTE AGREEMENTS

County Manager

I. SUMMARY

This Resolution authorizes the County Manager to receive and expend State of Florida funds in the amount of \$582,799 to the Juvenile Assessment Center for the continuation of the Juvenile Alternative Services Program (JASP) beginning from July 1, 2005 to June 30, 2006.

II. PRESENT SITUATION

JASP provides a short-termed, structured, non-judicial alternative to juvenile probation for male and female juvenile offenders who are charged with first time felony offenses or violent first-degree misdemeanor offenses. Funded by the State of Florida since 1982, JASP serves 1,800 youth referred by the State Attorney's Office, Department of Juvenile Justice or the Juvenile Court and provides the following services to eligible youths:

- case management,
- community work service,
- restitution coordination,
- individual and family counseling,
- substance abuse and mental health screening,
- educational and vocational intervention coordination,
- life and social skills training, and
- community observation.

Funds received from the State of Florida for FY 2004-2005, in the amount of \$582,798.96 will expire on June 30, 2005.

III. POLICY CHANGE AND IMPLICATION

This will allow the allocation of state funds from July 1, 2005 to June 30, 2006 in the amount of \$582,799 for the continuation of JASP. The program is capable of serving 1,800 youths at a unit cost of \$323.78 per youth.

No matching funds are required.

IV. ECONOMIC IMPACT

The funding provided by the Florida Department of Juvenile Justice impacts the County positively.

The full allocation goes towards direct services. There are no administrative costs.

V. COMMENTS AND QUESTIONS

According to staff, 80% of youths served by JASP successfully complete the program, thus avoiding further costly judicial involvement.